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BENELUX COUNTRIES

Internal Tensions possibly affecting stability of Benelux countries - 1956

Belgium, Luxembourg and the Netherlands can be considered as a unit in estimating conditions in 1956 because of their projected economic union. Although progress to date has been slow, and although the major obstacles are yet to be overcome, the three countries have shown determination and can be expected to be sufficiently coordinated by 1956 to warrant consideration as a unit.

The only source of tension in the Netherlands which might affect internal stability will be economic, highlighted by an adverse situation in Indonesia. Prolonged conflict in Indonesia, continued unrest in the Far Eastern area as a whole, and the general trend of nationalism in colonial areas will prevent the Netherlands from regaining its pre-war position in this area. Indonesia's favorable trade balance constituted an important factor in Holland's pre-war economy. The loss of income from Indonesia combined with heavy military expenditures have aggravated the Dutch financial position. Even taking into account the favorable effects of the revival of western European economy as a whole and of closer European and Benelux cooperation, Holland will have considerable difficulty evolving a viable economy for some time to come.

In Belgium there are a number of controversial domestic issues of which the Leopold question, the division of the country into the Walloon and Flemish areas, and the Protestant-Catholic conflict as it affects politics are the most important. It is estimated, however, that these issues will not cause any fundamental, long range instability or interrupt the general continuity of domestic and foreign policy.

In the Benelux area as a whole, political power will probably continue in the hands of center coalitions, with no substantial change in the strength of the extreme right and left.

Stability 1956 - Estimated

The political stability of the Benelux countries will remain high. Although the Dutch economy will be weakened by the loss of most of its colonial sources of revenue, it is believed that the

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financial position of the Netherlands within the Benelux group will not constitute an important block to the internal stability of the area.

Probable Alignment US-USSR - 1956

The Benelux countries are strongly pro-Western in their orientation, and have abandoned pre-war policies of neutrality in favor of active support of the US and West v. USSR. This trend can be expected to continue, strengthened by the probable growth in western European cooperation.

FRANCE

Internal Tensions possibly affecting stability of France - 1956

a. Political and social polarization with marked traditional foundations

The expected assumption of political power in France during 1949 by the de Gaullist forces will furnish evidence that the moderate center has been unable to achieve the degree of stability necessary to continued domestic support. With the failure of the moderate center "Third Force" to convince the electorate of the efficacy of middle of the road methods, it is considered probable that Gaullists can retain power for some years. De Gaulle's constitutional changes will probably strengthen the executive, thus creating stability, and his labor policy coupled with the disorganized state of labor is likely to keep the large workers' class politically and socially ineffective for either Communist or Socialist use.

One of the principal factors contributing to the slow recovery of the French economy and the instability of the Government has been the strong and well organized Communist Party which has used many and sometimes valid economic grievances of the workers to cause work stoppages, resort to sabotage, and generally to disrupt the economy and create Governmental crises. None of the post war Governments of France has attempted directly to attack the Communist menace. A Gaullist Government, however, would be prepared to adopt strong measures against the Party and would, if necessary outlaw it. The advent of de Gaulle to power, the rising tide of anti-Communist feeling among the people of France, the growth of non-Communist labor organizations, and the slow improvement in French economy will, by 1956, considerably reduce the power of the Communist Party in French political and economic life.

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As evidence of these conclusions, it is noted that the political pendulum has swung to the right since the elections of 1946. The French bourgeoisie voted overwhelmingly for the centrist Popular Republican Party after the liberation of France, fearing the increasing power of the Socialists and the Communists. They have sought, subsequently, to preserve their influence by closer contact with groups further to the right; the Radicals, Independent Republicans and Democratic Union. In September, the Queuille Government included 29% Popular Republicans, 25% Socialists and 47% members of groups to the right of the Popular Republicans. A de Gaulle regime, based on the return of a national election, would demonstrate that the pendulum has swung even further to the right, leaving the Communists and their sympathizers isolated on the extreme left. The moderate forces will have more or less disintegrated in this process of polarization. The Popular Republican Party, which since 1946 has represented the bridge between left and right, is in the process of being absorbed into the right as represented by de Gaulle's group. The Socialist Party may soon stand alone as the only anti-Communist Party representing the workers and be rendered relatively ineffectual as a political force by the power of the rightist alliance.

An anticipated social polarization will probably take the shape of the division of the country into two principal classes: (1) an increasingly stronger lower middle class (small industrialists, merchants, artisans and farmers) equalling an estimated 38% of the population and traditionally conservative, favoring elimination of government controls and tax decreases; and (2) the worker class (manual labor including industrial workers, farmhands and domestic servants) equalling 47% of the population and traditionally favoring social reforms and a more equitable distribution of the national wealth through government controls. This latter group, disorganized as a result of the break-up of the national labor federation and deprived of the aggressiveness lent to it by Communist leadership, will become neither vocal nor effectively active until the Socialists find some new dynamic leadership and objectives.

b. Continued but diminishing labor unrest

With the advent of a de Gaulle Government, labor unrest will diminish as a result of de Gaulle's efforts to eliminate Communist control of labor and his plans to develop profit-sharing associations. A degree of labor unrest will continue as long as the wage-price problem exists, but will disappear as economic stabilization is gradually attained.

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Stability 1956 - Estimated

Probably stable in same degree as period 1920-1940.

The period 1920-1940, although marred by excessive changes in government, was one of relative political stability. While under a de Gaulle regime the same cabinet instability will not occur, and France might appear on the surface to be more stable, currents of opinion will continue to fluctuate in much the same manner as the period 1920-1940. The French will probably always regard the existence of many shades of opinion and many political parties as a prerequisite of democracy. However, no revolutionary crises of profound governmental changes are foreseen for 1940-1956, giving this period a relative stability similar to that which characterized French political life from 1920-1940.

Probable Alignment US-USSR - 1956

US aligned

France is culturally and to a large extent economically oriented towards the Western hemisphere and, therefore, the US. Moreover, it is estimated that the trend in French foreign policy will be toward acquiring leadership in Western Europe. Since the principal means to this end is a continuation of French participation in a Western Union and a Western European defense system based on a North Atlantic Alliance, this policy will entail a strong US alignment as long as the development of a Western bloc remains the keystone of US policy in Europe.

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